

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 COME-00 TRSE-00 EB-07 CIEP-01 SIL-01

LAB-01 FRB-01 /067 W

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R 271801Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6101

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 15578

E.O. 11652: GDS

TAGS: PINT, PGOV, UK

SUBJECT: LABOR PARTY CONFERENCE OPENS

REF: LONDON 15523

SUMMARY - UNEXCEPTIONAL KEYNOTE SPEECH BY CONFERENCE  
CHAIRMAN CALLAGHAN FOCUSSED ON SOCIAL CONTRACT AND URGED  
CONFERENCE DELEGATES TO MODERATION. ONLY EXCITEMENT IN  
FIRST DAY WAS PROVIDED BY OPPOSITION TO CONFERENCE  
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ARRANGEMENTS WHICH APPEAR TO HAVE DRASTICALLY RESTRICTED

OPPORTUNITY FOR DEBATE ON POLITICAL ISSUES. ARRANGEMENTS COMMITTEE REPORT, HOWEVER, WAS ACCEPTED BY COMFORTABLE MARGIN, AN APPARENT VICTORY FOR PARTY MODERATES. NEVERTHELESS, LEFT-WING MAY BE ABLE TO USE EMERGENCY RESOLUTIONS PROCEDURE TO BRING RADICAL PROPOSALS TO FLOOR AND EMBARRASS GOVERNMENT. PRE-CONFERENCE DEVELOPMENTS INDICATE ANTI-COMMON MARKET TRADE UNION VOTES MAY BE SUFFICIENT TO DEFEAT NATIONAL EXECUTIVE COMMITTEE (NEC) MODERATES SHIRLEY WILLIAMS AND TOM BRADLEY IN THEIR BIDS FOR RE-ELECTION. INCREASED LEFT-WING SUPPORT FOR PULL OUT OF TROOPS FROM NORTHERN IRELAND WAS ALSO NOTED. END SUMMARY

1. CONFERENCE CHAIRMAN JAMES CALLAGHAN OPENED ANNUAL LABOR PARTY CONFERENCE WITH UNINSPIRED ADDRESS WHICH, AFTER CUSTOMARY PRAISE OF PARTY'S SUCCESS IN PAST TWO ELECTIONS, FOCUSSED PRINCIPALLY ON IMPORTANCE OF SOCIAL CONTRACT. THOUGH HIS REMARKS ON THIS SUBJECT CONTAINED LITTLE THAT WAS NEW, HE DID REAFFIRM THE GOVERNMENT'S COMMITMENT TO VOLUNTARY WAGE RESTRAINTS AND URGED TRADE UNION COOPERATION. CALLAGHAN ALSO TOUCHED UPON DEVOLUTION, NORTHERN IRELAND AND TERRORISM, FOREIGN POLICY AND CIVIL LIBERTIES. HE UTILIZED THE LAST THEME TO URGE MODERATION AND REASON WITHIN THE PARTY. HIS REMARKS ARE SUMMARIZED BELOW:

A. SOCIAL CONTRACT - THREE MAIN ELEMENTS OF CONTRACT -- GREATER SOCIAL JUSTICE, REGENERATION OF BRITISH INDUSTRY AND WAGE RESTRAINT -- ARE INTERDEPENDENT. SELECTIVE ACCEPTANCE OF SOME ELEMENTS AND THE REJECTION OF OTHERS AT A TIME WHEN NATIONAL INCOME IS NOT INCREASING WILL CAUSE THE COLLAPSE OF THE WHOLE. DISAVOWAL OF THE CONTRACT BY SOME UNIONS, WHICH IS INEVITABLE UNDER A VOLUNTARY SYSTEM, WILL PENALIZE ALL WORKERS THROUGH INCREASED UNEMPLOYMENT AND ACCELERATED RATES OF INFLATION. NONETHELESS, THE GOVERNMENT SPECIFICALLY DISAVOWS STATUTORY WAGE CONTROLS. THE GOVERNMENT HAS KEPT ITS SIDE OF THE BARGAIN BY INCREASING SOCIAL BENEFITS, ENACTING TAX REFORMS (WITH OTHERS ON THE WAY), AND IS PREPARING LEGISLATION FOR A NATIONAL ENTERPRISE BOARD. TO KEEP ITS SIDE OF THE BARGAIN, TUC FORMALLY

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ADOPTED CONTRACT AT BRIGHTON AND MORE RECENTLY INCREASED ITS EFFORTS TO ATTAIN WAGE RESTRAINT. WHILE IT IS DIFFICULT TASK, UNION LEADERS MUST EXERCISE LEADERSHIP TO ENSURE SUCCESS OF CONTRACT AND AVOID IMPOSING BURDENS OF UNEMPLOYMENT AND INFLATION ON ALL WORKERS.

B. DEVOLUTION - PARTY SUPPORTS DEVOLUTION FOR SCOTLAND AND WALES, ALBEIT UNDER DIFFERING GROUND RULES. THE ULTIMATE SOLUTION, HOWEVER, MUST NOT JEOPARDIZE

INTEGRITY OF UK.

C. NORTHERN IRELAND AND TERRORISM - ONLY SOLUTION  
TO NAGGING NI PROBLEM WILL BE POLITICAL, AND BRITISH  
GOVERNMENT AND PEOPLE MUST NOT ACCEDE TO INHUMAN OUT-  
RAGES BY SMALL GROUP OF EXTREMISTS. ANTI-TERRORIST  
CAMPAIGN MUST BE PUSHED IN EVERY REASONABLE WAY, AS "WE  
CANNOT YIELD" TO EXTREMISTS.

D. WORLD AFFAIRS - UK CONTINUES TO SUPPORT DETENTE.  
ISRAEL'S RIGHT TO EXIST MUST BE DEFENDED, BUT PALESTIN-  
IANS TOO HAVE RIGHTS WHICH MUST BE HONORED. UK SHALL  
MAKE ITS FULL CONTRIBUTION TO WORLD'S CRITICAL FOOD  
SUPPLY AND SUPPORT EFFORTS TO END RACIAL DISCRIMINATION.

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GOVERNMENT WILL ALSO ENDEAVOR TO ENSURE THAT NUCLEAR TECHNOLOGY IS NOT USED IRRESPONSIBLY.

E. CIVIL LIBERTIES - PARTY HAS ALWAYS DEFENDED CIVIL LIBERTIES AND MUST CONTINUE ITS STRUGGLE AGAINST COLLECTIVISM AND THREATS TO RULE OF LAW. AS SOCIAL DEMOCRATS, WE MUST BEAR WITNESS TO MORAL AND SOCIAL VALUES, AND NO ONE PART OF OUR MOVEMENT MUST TRY TO DOMINATE IT AT THE EXPENSE OF THE OTHER PARTS.  
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2. REPORT OF CONFERENCE ARRANGEMENTS COMMITTEE, WHICH APPEARS TO HAVE GREATLY REDUCED TIME AND OPPORTUNITY TO DEBATE SUBSTANTIVE ISSUES (REFTEL) WAS THE ONLY MAJOR POINT OF CONTENTION DURING OPENING SESSION. (AFTERNOON SESSION DEVOTED EXCLUSIVELY TO PARTY RE-ORGANIZATION TOPIC). THREE SEPARATE MOTIONS TO REJECT ALL OR PART OF COMMITTEE REPORT AND ALLOW ADDITIONAL TIME FOR POLITICAL DEBATE WERE REJECTED BY SUBSTANTIAL MARGINS. THIS WOULD APPEAR TO BE SIGNIFICANT VICTORY FOR PARTY MODERATES, BUT FINANCIAL TIMES COMMENTATOR JOHN BOURNE WROTE THAT LEFT-WING WILL SEEK TO USE THE EMERGENCY RESOLUTIONS PROCEDURE TO INTRODUCE RADICAL PROPOSALS WHICH, UNDER NORMAL CIRCUMSTANCES, WOULD BE WATERED DOWN BY COMPOSITING PROCEDURE. IT IS STILL TOO EARLY TO DETERMINE WHETHER RIGHT OR LEFT WILL PREVAIL, BUT AT THIS POINT THE MODERATES APPEAR TO HAVE THE EDGE.

3. MOST SIGNIFICANT DEVELOPMENTS THUS FAR HAVE OCCURRED OFF CONFERENCE FLOOR. INCREASED LEFT-WING SENTIMENT IN FAVOR OF WITHDRAWAL OF BRITISH TROOPS FROM NI WAS REPORTEDLY EVIDENT AT ONE LEFT-WING EVE-OF-CONFERENCE MEETING. ACCORDING TO EMBASSY SOURCES, NI MINISTER OF STATE STANLEY ORME, A LEADING TRIBUNITE, MADE BRILLIANT DEFENSE OF GOVERNMENT'S NI POLICY, STOPPING PRO-WITHDRAWAL SNOWBALL. IN EVEN MORE SIGNIFICANT DEVELOPMENT, ENGINEERING WORKERS (AUEW) AND TRANSPORT WORKERS (TGWU) UNIONS VOTED TO SHIFT THEIR SUPPORT FROM PRICES AND CONSUMER AFFAIRS SECRETARY SHIRLEY WILLIAMS, WHOM BOTH UNIONS SUPPORTED IN PAST NATIONAL EXECUTIVE COMMITTEE (NEC) ELECTIONS, TO ANOTHER WOMEN'S CANDIDATE. (THESE TWO UNIONS CAST 1.7 MILLION VOTES IN NEC ELECTION.) WE UNDERSTAND TGWU LEADERSHIP ORIGINALLY DECIDED ONLY TO WITHHOLD VOTES FROM MRS. WILLIAMS WITHOUT CASTING THEM

IN FAVOR OF ANOTHER CANDIDATE, BUT WERE FORCED INTO  
TOUGHER POSITION BY DELEGATION WHEN IT HEARD AUEW  
WOULD CAST VOTES FOR OTHER CANDIDATES. THIS SHIFT MEANS  
THAT TWO MODERATE NEC MEMBERS, MRS. WILLIAMS AND TRADE  
UNIONIST TOM BRADLEY, A JENKINSITE, MAY NOT BE RE-  
ELECTED. RESULTS OF NEC ELECTION WILL BE ANNOUNCED AND  
REPORTED TOMORROW.

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## Message Attributes

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**Concepts:** MEETING AGENDA, CENTRAL GOVERNMENT, OPPOSITION PARTIES, SPEECHES  
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**Copy:** SINGLE  
**Draft Date:** 27 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** LONDON 15523  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 APR 2002 by shawdg>; APPROVED <14-Aug-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LABOR PARTY CONFERENCE OPENS  
**TAGS:** PINT, PGOV, OCON, UK, PARLIAMENTARY LABOR PARTY, (CALLAGHAN)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005